



County of  
San Diego

# County of San Diego

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Rating Agency Presentation

May 23-24, 2007





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# Introductions - Participants

## County of San Diego Presenters

Donald F. Steuer, *Chief Financial Officer*

Dan McAllister, *Treasurer-Tax Collector*

Christine Fay, *Debt Finance Manager*

## Additional County Resources

Gregory J. Smith, *Assessor/Recorder/County Clerk*

Tracy Sandoval, *Auditor and Controller/Assistant Chief Financial Officer*

Lisa Marie Harris, *Chief Deputy Treasurer*

Janel Pehau, *Director, Office of Financial Planning*

Ebony Shelton, *Group Finance Director, Finance and General Government*

Christopher Gilmore, *Deputy Controller*

Rob Castetter, *Chief Investment Officer*

Dave Butler, *Chief Deputy County Assessor*

## Finance Team

Chris Mukai, *Citi*

Victor Andrade, *Citi*

David Leifer, *KNN*



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## 1. Opening Remarks

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## Objectives

- Demonstrate that San Diego County is the best run County Government in California.
- Demonstrate that the County is financially well-positioned and well-prepared to manage future challenges, including economic slowdowns, State budget risks and changing demands of our citizens.
- Obtain a credit rating upgrade.





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## ***Focus, Discipline, Fiscal Solvency: A Year In Review***

Continued success in a changing environment.

- Developed strategy to minimize and manage OPEB liability
- Implemented new Fund Balance and Reserves Policy
- Continued Growth in Assessed Value; Strong Commercial Market
- CMS impact \$8mm less than original estimate of \$12mm
- Increased Liquidity - Higher Cash Balances
- Labor contracts in place through June 2009
- Retiring pension debt early (\$100mm PINES)
- Long-term financial planning model under development
- Risk Oversight Committee
- Emergency Preparedness



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## 2. Real Estate Market Update

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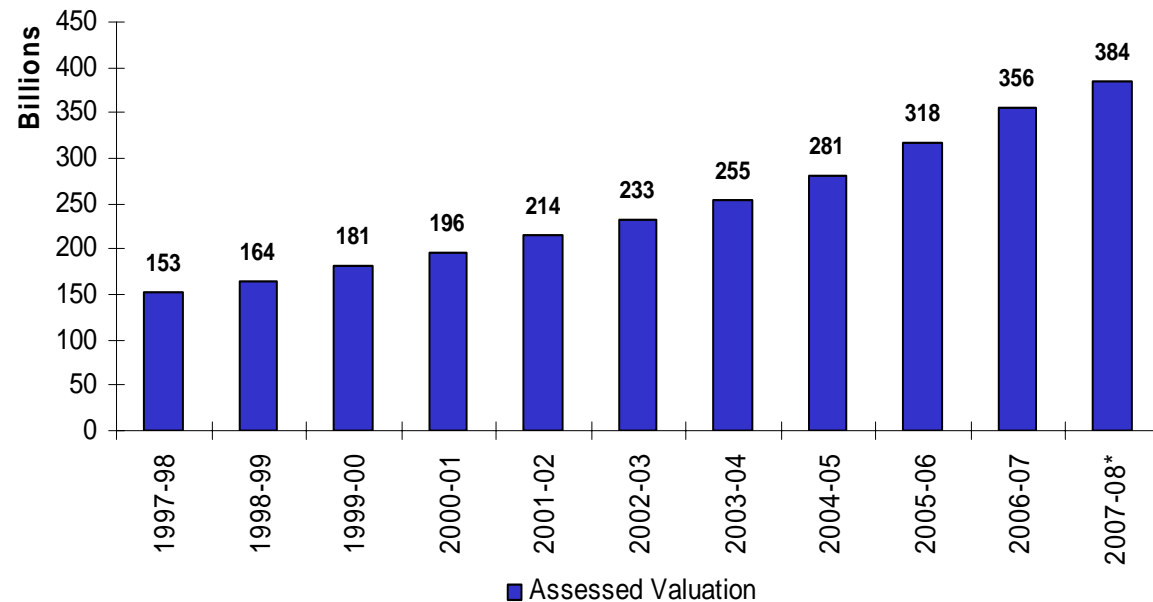
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## Real Estate Market and Tax Base

- The County's property tax base is insulated from any potential "real estate bubble" due to diversification of the economy over the past 15 years.

**Assessed Valuations (1998-2008)**



- Property tax base has increased on average 9.1% annually since 1998.

Source: County of San Diego Assessor/Recorder/County Clerk.

Note: All property is subject to a 2% growth factor for each fiscal year per Prop. 13.

\* 2007-08 is only an estimate provided by the County of San Diego Assessor/Recorder/County Clerk.





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## San Diego Foreclosure History

Year	Notices of Default	Trustee's Deeds	% of Notices to Trustee Sales	Deeds	% of Trustee's Deeds to Deeds
1982	15,901	3,083	19.39%	62,361	4.94%
1983	13,522	4,071	30.11%	81,235	5.01%
1984	10,664	3,527	33.07%	90,774	3.89%
1985	9,365	2,908	31.05%	98,802	2.94%
1986	8,651	2,792	32.27%	118,998	2.35%
1987	7,675	2,381	31.02%	121,295	1.96%
1988	6,951	1,851	26.63%	136,318	1.36%
1989	6,742	1,209	17.93%	141,389	0.86%
1990	8,005	1,078	13.47%	123,395	0.87%
1991	10,927	2,113	19.34%	111,155	1.90%
1992	12,059	3,827	31.74%	124,461	3.07%
1993	12,521	5,110	40.81%	128,765	3.97%
1994	10,754	5,338	49.64%	113,655	4.70%
1995	11,251	5,267	46.81%	95,661	5.51%
1996	12,037	5,994	49.80%	106,124	5.65%
1997	10,085	5,136	50.93%	116,881	4.39%
1998	7,766	3,345	43.07%	145,064	2.31%
1999	5,962	1,989	33.36%	148,250	1.34%
2000	5,472	1,380	25.22%	141,138	0.98%
2001	5,726	826	14.43%	158,717	0.52%
2002	5,986	909	15.19%	191,327	0.48%
2003	5,167	566	10.95%	223,087	0.25%
2004	4,260	553	12.98%	209,892	0.26%
2005	5,080	559	11.00%	200,447	0.28%
2006	10,294	2,065	20.06%	164,946	1.25%

Source: County of San Diego Assessor/Recorder/County Clerk

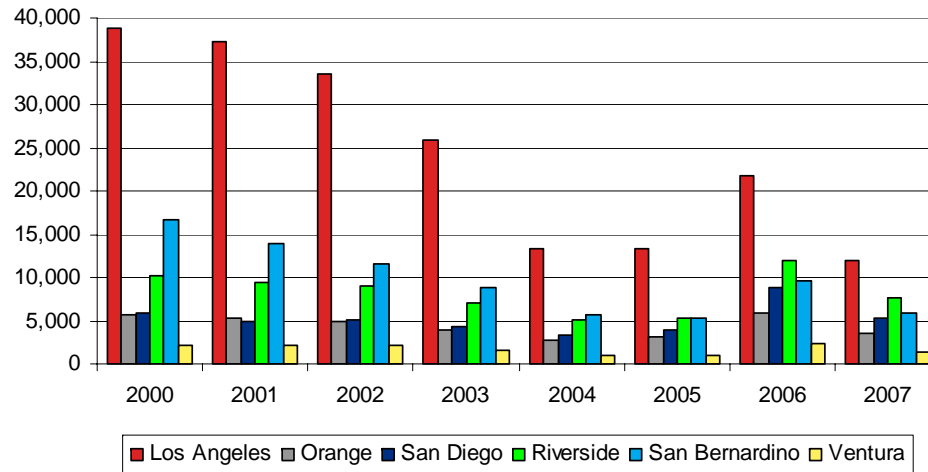


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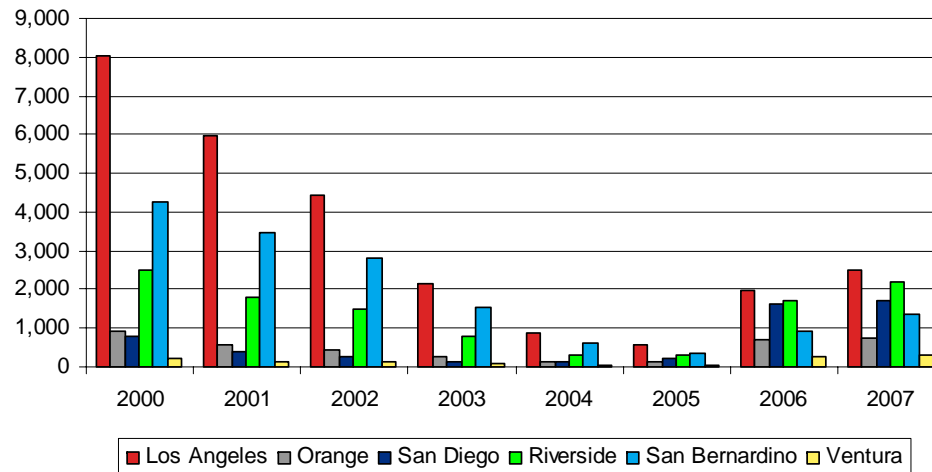


# Southern California Foreclosure Statistics

Notices of Default (2000-2007\*)



Trustee's Deeds (2000-2007\*)



Source: DataQuick Information Systems.

\*Includes data through April 2007.



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## Strong Commercial Activity

The total value of large, new commercial sales during calendar year 2006 was approximately \$3.8 billion. As of May, the total value of completed 2007 large commercial sales over \$50mm is \$4.2 billion.

Commercial Property Activity		
CY	Change in Ownership	New Construction
2004	2,940	1,543
2005	3,016	1,602
2006	2,900	1,700



Source: County of San Diego Assessor/Recorder/County Clerk



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### 3. OPEB Update

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## Other Post-Employment Benefits (OPEBs)

- The County intends to implement the provisions of GASB 45 beginning in 2007-08.
- GASB 43 actuarial valuation to be completed by SDCERA in July 2007 which will determine the County's OPEB liability and required contribution.
  - Will include only Tier I and II members, as recommended by the Board of Supervisors in December 2006
  - Actuarial Accrued Liability is estimated to be \$270mm
  - Annual Required Contribution is estimated to be \$26mm
  - Results in estimated savings of \$400mm in Actuarial Accrued Liability



\* Reductions based on estimates prepared using June 30, 2005 OPEB valuation by The Segal Group, Inc.



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## Other Recent Actions by SDCERA Board

- Remaining Tier A members will receive a taxable pension supplement in lieu of the retiree health benefit payable from existing health reserve, not considered OPEB.
  - No County contribution required.
  - Currently there is \$164mm in the health benefit reserve (estimated to fund benefits for 10-11 years).
  - Provides a benefit of \$200-400 based on eligible service.
- Approved pre-funding the STAR COLA benefit for current recipients and closed the program for future eligible retirees effective July 1, 2007.
- Adopted policy to redistribute Excess Earnings.
- Review ancillary benefits allowance policies on an annual basis.

Excess Earnings Distribution			
Funded Ratio	Pension Liabilities	Contingency Reserve	SDCERA Discretion
<90%	100%	0%	0%
90% -100%	75%	0%	25%
100%-115%	0%	50%	50%
>115%	0%	0%	100%

*Note: Contingency Reserve distribution in this table means amounts in excess of the required 1% set aside.*



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## 4. Credit Highlights

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## Credit Highlights - Overview

- San Diego County has one of the strongest and most diversified economies in the nation.
- Disciplined financial management has enabled the County to weather the State's fiscal crisis and simultaneously improve its financial position.
- The County is allocating ongoing General Purpose Revenue to fund one-time projects.
- The County has low and manageable debt levels.
- The County has pro-actively managed its labor and retirement costs.
- The County recently implemented a new policy to establish guidelines on the use of fund balance and the maintenance of reserves that will help to protect the County's fiscal health and stability.



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## Strong Financial Management Practices

- **The County has maintained strong fund balances and reserves**
  - Fiscal Year 2005-06 unreserved/undesignated general fund balance of \$435mm, of which \$262.5mm remains unappropriated
- **The County Budget is structurally balanced**
  - One-time revenues only used for one-time expenditures
  - Conservative budgeting consistently produces net operating surplus
  - Long term capital planning policy and five year capital needs assessment program
  - Using ongoing revenues for one-time projects
- **The County has institutionalized financial management policies**
  - New Reserve Policy
  - Strong investment pool management policy
  - Debt Advisory Committee (DAC) oversees debt management
  - Debt and Swap Policies in place
  - Strong record of early debt repayment / cash funding of projects
- **Comprehensive financial reporting and forecasting**
  - Risk Oversight Committee
  - Two-year Operational Plan and five-year financial forecast
  - Developing long-term financial plan
  - Quarterly Variance Reports disclosed on County website
  - Comprehensive financial disclosure in Appendix A



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## 5. Economic Overview

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## Economic Highlights

- San Diego County has experienced positive economic growth every year since 1994.
- San Diego County is recognized as having one of the most diversified economies in the U.S.
- The multi-billion dollar Visitor Industry is San Diego's third largest economic sector. Visitors spent \$7.7 billion during the 2006 calendar year; up \$495mm from 2005.\*
- San Diego County has the largest number of military personnel of any county in the nation.
- Median home prices have moderated but are still strong at \$490,000 as April 2007 down from 3% from April 2006 (\$504,700).\*\*

\*Source: San Diego Chamber of Commerce

\*\*Source: DataQuick Information System, the California Association of Realtors



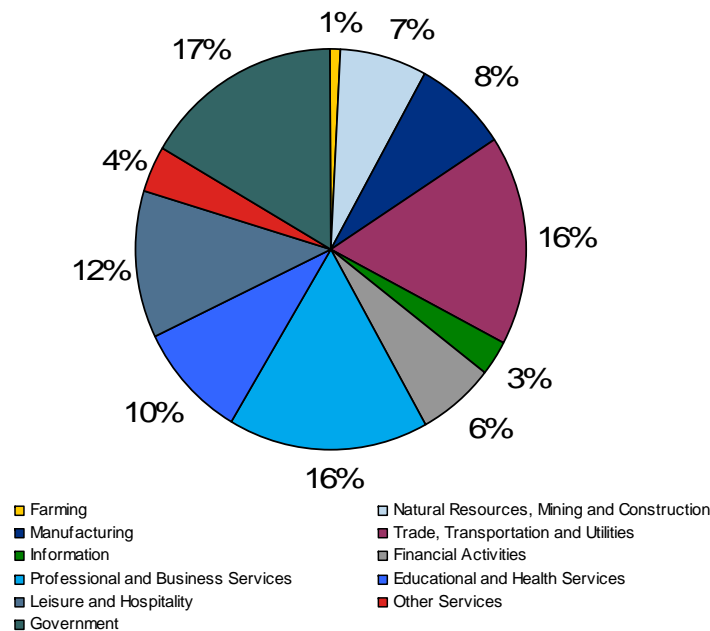
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## Diverse Economy and Employment Base

- The County's economy has 10 major industry sectors with government representing the largest component of the workforce.
- San Diego continues to be a hub for research and development.
- Diversified economy insulates County from downturns in any specific economic sector.
- San Diego County is home to 3 Fortune 500 Companies.

Employment by Industry (2006)



Source (Pie Chart): California Department of Finance.

Top 15 Employers	Service/Product	Number of Employees
United States Navy	Government	42,000
Federal Government	Government	39,100
State of California	Government	37,100
UCSD	Education	24,790
San Diego Unified School District	Education	21,703
City of San Diego	Government	20,700
County of San Diego	Government	18,900
Sharp Health	Health Services	13,872
US Postal Service	Postal Services	11,611
Scripps Health	Health Services	10,313
Kaiser Foundation Hospital	Health Services	7,386
Qualcomm	Telecommunications	6,000
San Diego CCD	Education	5,600
Sempra Energy	Energy Services	5,500
AT&T	Telecommunications	4,700

Source: San Diego Business Journal Book of Lists, 2006



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# San Diego Area Demographics

- **Business Facts**

- No. 1 ranking in biotech cluster in a 2004 Milken Institute study
- 29 venture capital funds locally positioned to provide early technology industry financing
- A strong wireless industry presence and more than 75,000 miles of underground fiber-optic cable
- A 2006 No.1 ranking in Emerging Trends for Investment and Development – Urban Land Institute, November 2005

- **Household Facts**

- 65% of the workforce has some level of higher education
- Median household income was \$64,737 in 2006
- 23.6% of households had annual incomes of at least \$100,000 in 2006
- Population grew by 7.4% between 2000 and 2006
- We were ranked the No. 5 “Best Big Cities in Which to Live” – Money Magazine, July 2006

Source: San Diego Regional Economic Development Corporation





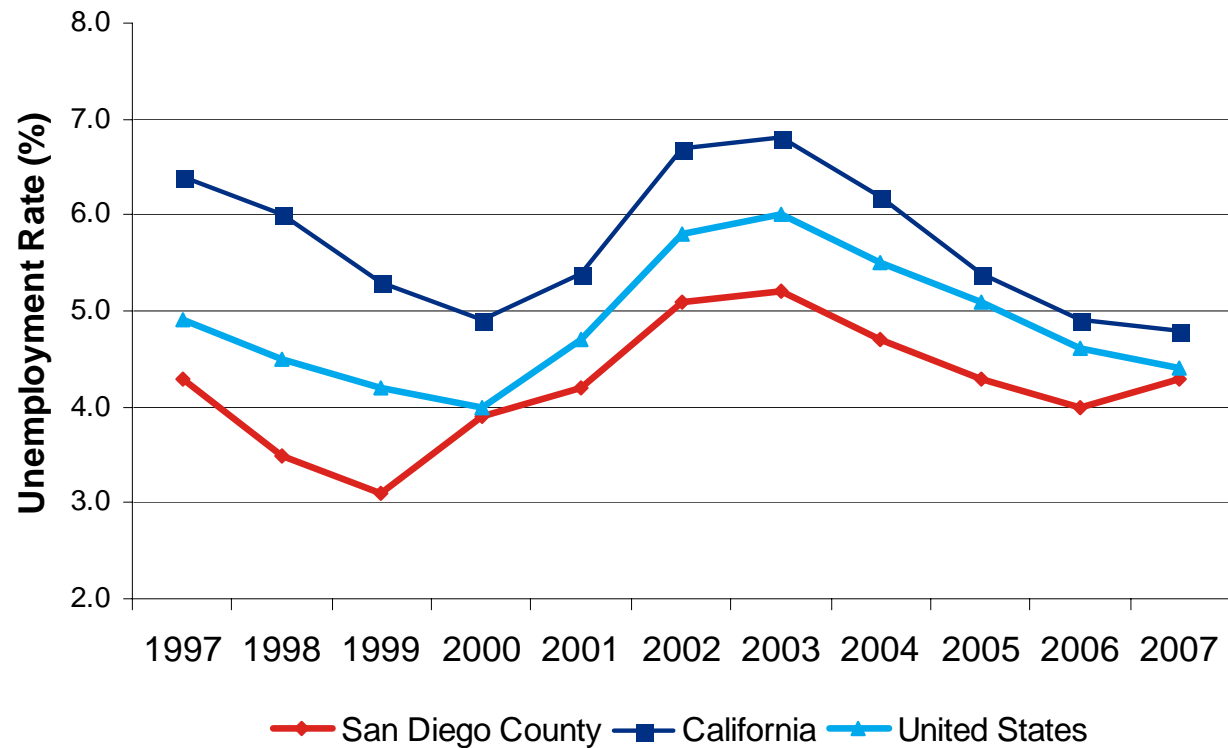


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## Unemployment Trend

- The County's unemployment rate has been historically lower than California's and the nation's.



Source: US Department of Labor, Bureau of Labor Statistics.





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## 6. FY06-07 Financial Results

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## Financial Highlights FY06-07

- Developed and implemented Fund Balance and Reserves Policy.
  - 3 components with target levels that amount to 17% of budgeted general purpose revenue
- Increased Contingency Reserve from \$15.6mm to \$20mm.
- Cash financing \$80mm Medical Examiner and Forensics Center.
- Allowance for salary and benefit increase
  - Labor negotiations completed (contracts in place until June 2009)
  - Active Health Care management
- Budgeted \$17.2mm for major maintenance projects to preserve and extend the useful life of the County facilities (excluding parks).
- Projected Unreserved/Undesignated fund balance is \$480.2mm.
- Board of Supervisors adopted resolution to limit and control OPEB costs.



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# General Fund Financial Results

(\$ in millions)

	FY 2003-2004 (Audited)	FY 2004-2005 (Audited)	FY 2005-2006 (Audited)	FY 2006-2007 (Estimated)*
<b>Reserved Fund Balance:</b>	<b>\$213.3</b>	<b>\$291.8</b>	<b>\$272.9</b>	<b>\$259.3</b>
<b>Total Reserved Fund Balance</b>	<b>\$213.3</b>	<b>\$291.8</b>	<b>\$272.9</b>	<b>\$259.3</b>
<b>Unreserved/Designated:</b>				
Designation - Various	\$66.8	\$56.0	\$135.0	\$154.1
General Reserve/Designation	\$55.5	\$55.5	\$55.5	\$55.5
<b>Total Unreserved/ Designated Fund Balance</b>	<b>\$122.3</b>	<b>\$111.5</b>	<b>\$190.5</b>	<b>\$209.6</b>
<b>Unreserved/Undesignated:</b>				
Group Balances	\$139.1	\$129.2	\$180.6	\$93.8
General County Balances	76.3	135	254.9	123.9
Prior Year Unappro. Fund Balance				262.5
<b>Total Unreserved/Undesignated</b>	<b>\$215.4</b>	<b>\$264.2</b>	<b>\$435.5</b>	<b>\$480.2</b>
<b>Total General Fund Balances</b>	<b>\$551.0</b>	<b>\$667.5</b>	<b>\$898.9</b>	<b>\$949.1</b>

\*As reported in the Third Quarter Fund Balance Report.



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## Conservative Budgeting & Strong Financial Performance

- The County has consistently generated a net operating surplus

	FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2006-2007
Projected Net Savings versus Adjusted Budget <sup>(1)</sup>	\$174.3mm	\$198.4mm	\$338.1 mm	\$480.2 mm
Actual Year-End Undesignated Fund Balance (Audited)	\$215.4mm	\$264.2mm	\$435.4 mm	TBD

(1) Represents projections as of the Third Quarter Operational Plan Status Report as presented to the Board of Supervisors.  
(Excess revenues over expenditures plus prior year remaining available fund balance)



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# General Fund Fund Balance Reserve and Policy

- Board Policy B-71 created a Fund Balance and Reserve policy

*in millions*

Category	Target	Fiscal Year 2006-07 G.P.R. \$906.3m				Fiscal Year 2007-08 G.P.R. \$963.6m		
		Target	Projected	Fav/(Unfav)		Target	Projected	Fav/(Unfav)
General Reserve	5%	\$ 45.3	\$ 55.5	\$ 10.2		\$ 48.2	\$ 55.5	\$ 7.3
Contingency Reserve	2%	\$ 18.1	\$ 20.0	\$ 1.9		\$ 19.3	\$ 20.0	\$ 0.7
Unappropriated Fund Balance	10%	\$ 90.6	\$ 262.5	\$ 171.9		\$ 96.4	\$ 373.0	\$ 276.6
Total Reserves & FB	17%	\$ 154.0	\$ 338.0	\$ 184.0		\$ 163.9	\$ 448.5	\$ 284.6

Note: Fiscal Year 2006-07 Actual Unappropriated Fund Balance: \$435.4m (FY 2005-06 undesignated/unreserved fund balance) - \$105.8m (appropriated in the FY 06-07 operational plan) - \$67m (appropriated during the year) = \$262.5m

Fiscal Year 2007-08 Actual Unappropriated Fund Balance: \$480.2 m (FY 2006-07 unreserved/undesignated fund balance) - \$107.5m (appropriated for the FY 2007-08 operational plan) = \$372.7m





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# Additional Reserves and Resources

(\$ in millions)

Projected Reserves and Resources as of 6/30/07		Authority to Release Funds
Debt Service Reserves	\$21.8	Rating Agency, Insurer and Bondholder Consent; Four Votes
Workers' Compensation Reserve	61.6	Four Votes
Public Liability Reserve	24.7	Four Votes
Environmental Trust Fund Reserve	64.6	Existing Ordinance needs to be amended; Four Votes
Endowment Fund Tobacco Securitization SR	430.9	Existing Board Policy needs to be amended; Four Votes
<b>Total</b>	<b>\$603.6</b>	



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## 7. FY07-08 Operational Plan

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## FY07-08 Operational Plan Highlights

- Assumes moderate general purpose revenue growth of 6.3% and program revenue growth of 4.3%
- Reflects negotiated salaries and benefits increases
- Adds 183 FTEs, a 1.1% increase (approximately 140 FTEs funded by programmed revenues)
- Prepays the \$100mm Series 2002C Public Income NetES (PINES)
- Cash finances \$31.2mm in general fund for minor capital projects
- Maintains contingency reserve at \$20mm, exceeding target level
- Maintains General Reserve at \$55.5mm, exceeding target level
- Utilizes \$107.5mm of fund balance, well below fund balance and reserve policy threshold
- Expands various services including Child Welfare, mental health, criminal prosecution, offender re-entry, emergency preparedness, agricultural pest containment, park and open space operations, libraries, facilities maintenance, and information technology



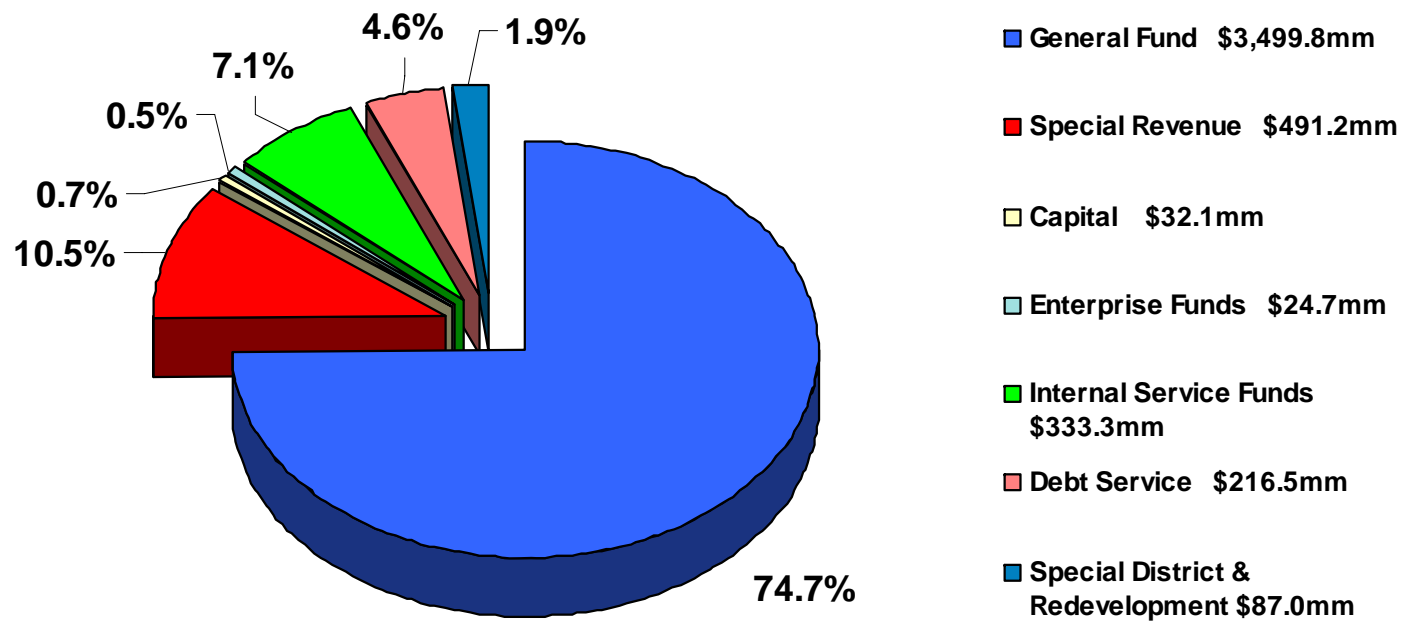


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## FY07-08 Proposed Operational Budget

**\$ 4.685 Billion – Appropriations by Fund (7.1% increase)**





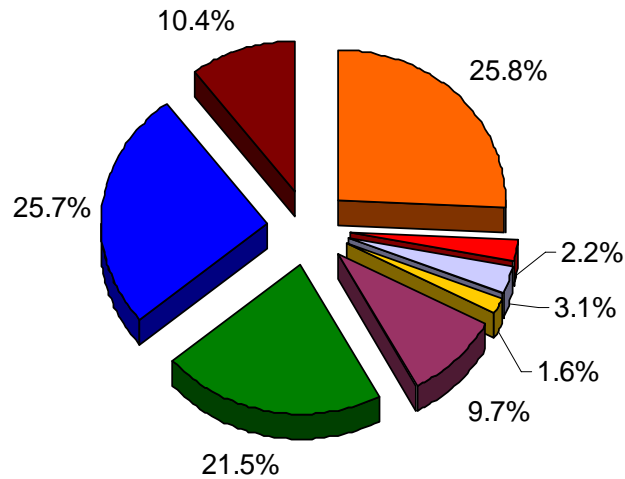
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# FY07-08 General Fund Proposed Operational Budget

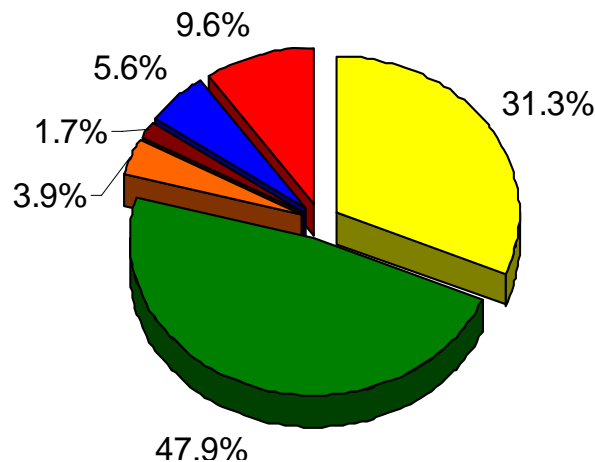
**\$3.500 Billion** (6.4% increase)

## Revenues by Category (in millions)



- Property & Other Taxes \$902.2mm
- Other Intergovernmental Rev. \$75.9mm
- Fund Balance \$107.5mm
- Reserve/Designation Decreases \$57.0mm
- Interest, Misc. & Other Rev. \$339.3mm
- Federal Revenues \$753.2mm
- State Aid \$901.1mm
- Charges for Services, Fees & Fines \$363.6mm

## Appropriations by Group/Agency (in millions)



- Public Safety \$1,094.6mm
- Health & Human Services \$1,676.5mm
- Land Use & Environment \$136.8mm
- Community Services \$59.0mm
- Finance & General Government \$197.3mm
- Finance Other \$335.6mm

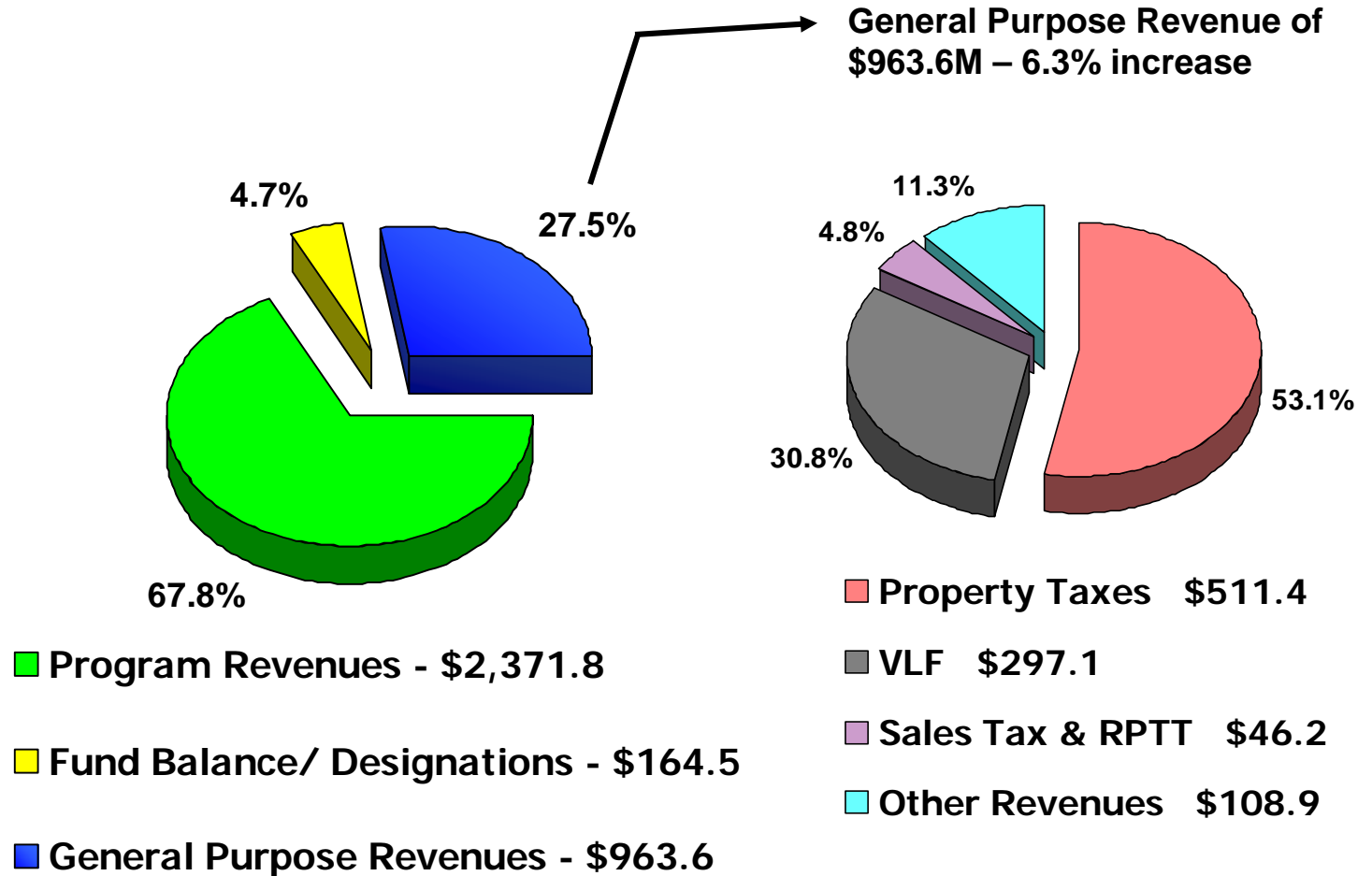


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## FY07-08 General Fund Revenue Composition

**By Source** – (in millions)  
6.4% increase





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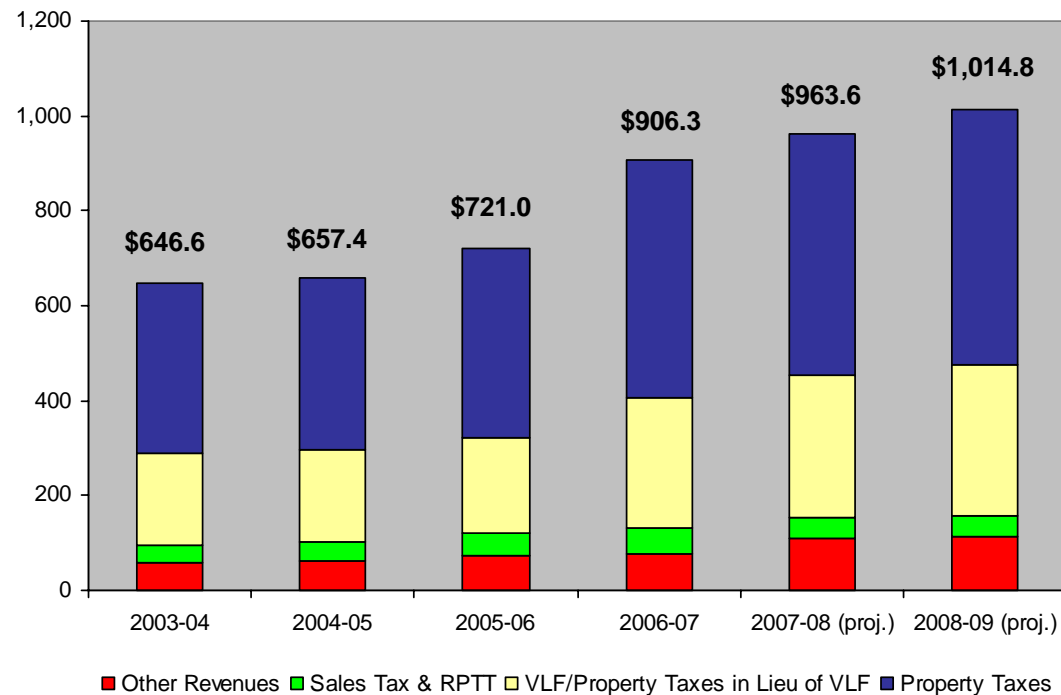
# Historical General Purpose Revenue Composition

(\$ in millions)

General Purpose Revenues by Source	Adopted 2003-04	Adopted 2004-05	Adopted 2005-06	Adopted 2006-07	Proj. 2007-08	Proj. 2008-09
Property Taxes	\$356.2	\$359.6	\$400.5	\$499.3	\$511.4	\$539.7
VLF/Property Tax in Lieu of VLF	195.0	196.9	200.5	274.5	297.1	316.4
Sales Tax & RPTT	37.0	38.6	47.6	54.2	46.2	46.7
Other Revenues*	58.4	62.4	72.5	78.4	108.9	112.0
	\$646.6	\$657.4	\$721.0	\$906.3	\$963.6	\$1,014.8

\* Teeter Property Tax, Interest Earnings, Redevelopment Agency Tax Increment, Fines, Forfeitures & Penalties and Prior Year Taxes.

(\$ in millions)



Totals may not add up due to rounding.



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## Impact of Governor's May Revise

- Indicates that State will pay for February 2008 primary, but out of the FY 2008-09 budget instead of FY 2007-08
  - Estimated cost to County is \$12mm
  - County will pay for the election in FY 2007-08 out of available fund balance and expect reimbursement in FY 2008-09
- Funds planning efforts to implement AB 900 - Adult corrections reform (no impact on FY 2007-08 County budget, but the County should receive future detention facility construction funds).
- Does not restore funding for property tax administration (\$5.4mm of State revenues have been replaced with ongoing general purpose revenues).
- Eliminates Williamson Act funding (less than \$100k for County of San Diego).







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## Ongoing and Future Challenges

- Prudent FTE management
- Rising cost of employee benefits
- State structural budget issues
- 2009 Labor negotiations
- VEBA negotiations
- Emergency Preparedness







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## Emergency Preparedness

- Family disaster plan
- Continuity of Operations Planning (COOP)
  - Goals of developing COOP plans:
    - Ensuring the continuous performance of the County's essential functions/operations during an emergency
    - Protecting essential facilities, equipment, records, and other assets
    - Achieving a timely and orderly recovery from an emergency and resuming full service to customers
    - Reducing or mitigating disruptions to operations
  - COOP plans have been completed in 62 County departments and the Superior Court.
  - San Diego County's COOP template has been made available to all agencies and jurisdictions in the region, and other California counties.
  - San Diego County's Office of Emergency Services is assisting the cities in the region with the completion of their COOP plans.





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## 8. County Retirement System

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# San Diego County Employees Retirement Association (SDCERA)

SDCERA Pension Plan Facts	
Size of Fund	\$ 7.33 Billion
Participants	34,187
Active	17,451
Deferred	4,687
Retired	12,049
DROP(Deferred Retirement Option Plan)	No
ARC (Additional Retirement Credit)	No
Retirement Board Size	9
Authority	1937 Retirement Act
Rating	S & P AA+
Funded Ratio	83.6%
Unfunded Liability	\$ 1.23 Billion
Unfunded Liability Amortization	20 year fixed, layered

Source: Actuarial Valuation and Review as of June 30, 2006 prepared by The Segal Group, Inc.

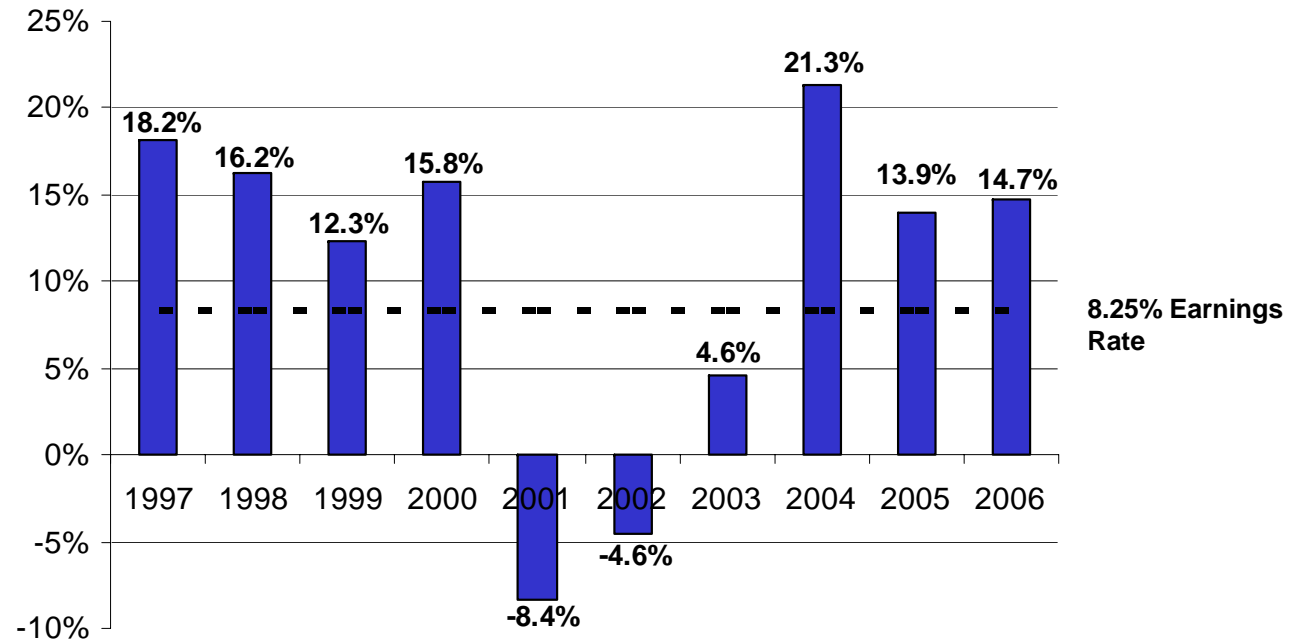


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# Pension Plan Investment Performance

SDCERA Historical Annualized Investment Returns



- 10-yr average investment return = 10.40%
- \$722.8mm in unrecognized net investment gain as of June 30, 2006.
- As of March 31, 2007, the portfolio is valued at \$8.2 Billion up 12% from the June 30, 2006 valuation.



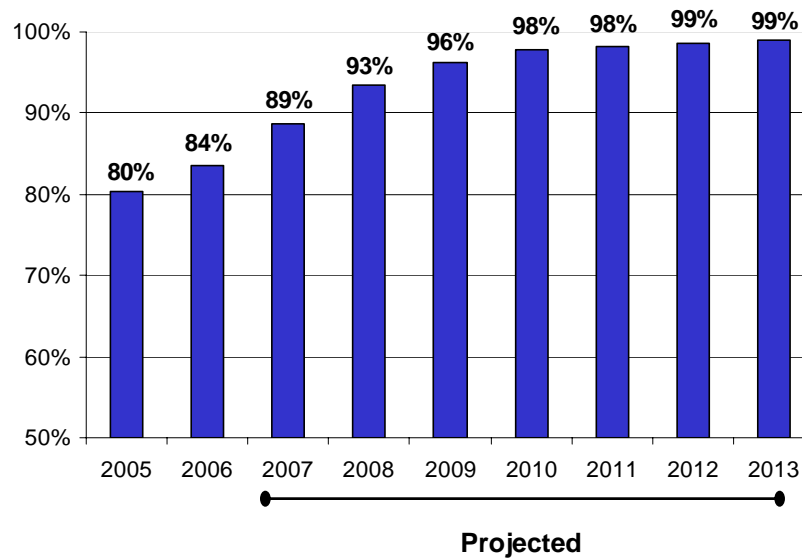
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# Historical and Projected Pension Funding Status

- The County's projected funding status is expected to improve measurably.

Historical & Projected Funding Ratio



Fiscal Year	County Contribution	UAAL	Funded Ratio
2005	\$260	\$1,378	80.3%
2006	244	1,232	83.6
2007*	241	915	88.6
2008*	238	567	93.4
2009*	224	350	96.2
2010*	207	220	97.8
2011*	200	176	98.3
2012*	200	148	98.7
2013*	207	120	99.0

(\$ in millions)

\*Projected

Source: Actuarial Valuation and Review as of June 30, 2006 prepared by The Segal Group, Inc. Projections prepared by The Segal Group, Inc. based on the June 30, 2006 valuation.



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## County Policy Objectives for Pension System

- Ensure that the County Retirement System is appropriately funded.
- Pay the full annual contribution required by the SDCERA's Actuary.
  - Additional cash contribution of \$93mm over last 3 years
- Take advantage of low interest rates to lower Unfunded Actuarial Accrued Liability (UAAL) and save money by periodically issuing POBs, when appropriate.
- Maximize flexibility to prepay and refinance POBs.
- Maintain strong, pro-active relationship with SDCERA.





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## 9. County Investment Pool

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## Investment Pool Strength & Stability

- Portfolio focus is safety, liquidity, return
- County Pool portfolio characteristics
  - Market value as of 4/30/07 = \$5.2 Billion
  - Weighted average yield of 5.22%
  - Weighted average days to maturity – 161 days
- Highly Liquid - approximately 87% of securities mature within one year
- High credit quality/strong management
  - 100% of securities are rated AAA or A-1/P-1/F-1
  - Pool has been rated AAA every year since 1999
  - Over 78 years of investment management experience
  - Strong cash flow model
- Voluntary Depositors represent only 0.25% of Pool



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# Investment Pool Strength & Stability

- New benchmark strategy adopted in early 2007:
  - Established a \$1 billion portfolio within the County Pool which will be managed to mirror the characteristics of a custom benchmark portfolio.
  - This strategy will reduce performance deviation from the benchmark.
  - Benchmark Composition – duration of 1.6 years
    - 30% 0 -1 year US Treasury
    - 30% 0 – 5 year US Treasury
    - 30% 1 – 5 year US Government Agencies
    - 10% 1 – 5 year US Corporate
  - Benchmark and liquidity portfolios combined for performance and reporting purposes.
  - Combined portfolio continues to comply with California Code, Investment Policy and rating agency parameters.





County of  
San Diego

## 10. Long-Term Obligations





County of  
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## Highlights

- Long-term Financial Obligation Management Policy
  - Established the Debt Advisory Committee
  - Variable Rate Guidelines
- Swap Policy
  - Annual review of swap performance by the Debt Advisory Committee
- Continue the discipline of paying off debt early:
  - \$100mm 2002 Taxable Pension Obligation Bonds, Series C (PINES)
- Cash financing Capital Projects:
  - \$80mm for a new Medical Examiner and Forensics Center
- Long range capital planning through the Capital Improvement Needs Assessment
- Working with Financial Advisor to develop Long-term Financial Planning Model





## County of San Diego



# Long-Term Obligations – Payable from the General Fund

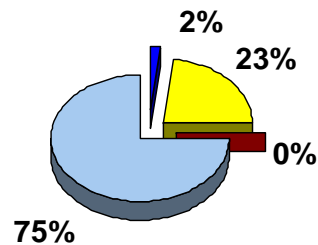
As of June 30, 2007

	Original Principal Amount	Principal Outstanding	Final Maturity Date	2007-08 Principal Payment	% of Portfolio
San Diego County Capital Asset Leasing Corporation (SANCAL)	\$ 632,875	\$ 364,355	2030	34,300	23%
San Diego Regional Building Authority (SDRBA)	36,960	29,250	2019	1,660	2%
Private Parties/Other	7,649	226	2008	226	0%
Pension Obligation Bonds *	1,621,883	1,206,887	2032	104,612 <sup>(1)</sup>	75%
	<b>\$ 2,299,367</b>	<b>\$ 1,600,718</b>		<b>\$ 140,798</b>	<b>100%</b>

•Excludes economically defeased 1994 Taxable Pension Obligation Bonds.

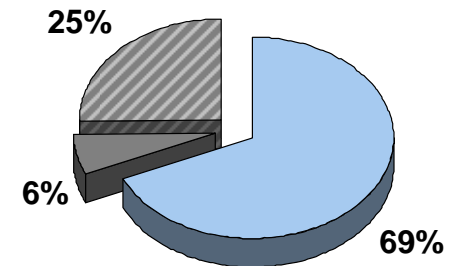
<sup>(1)</sup>Principal payment includes monies to pay off \$100mm PINES.

## Long-Term Debt By Entity



■ SDRBA  
■ SANCAL  
■ Private Parties/Other  
■ Pension Obligation Bonds

## Long-Term Debt By Type



■ Fixed Rate \$1,095,593  
■ Variable Rate \$100,000  
■ Swapped to Fixed \$405,125



County of  
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## Fiscal Year 07-08 Budgeted Payments

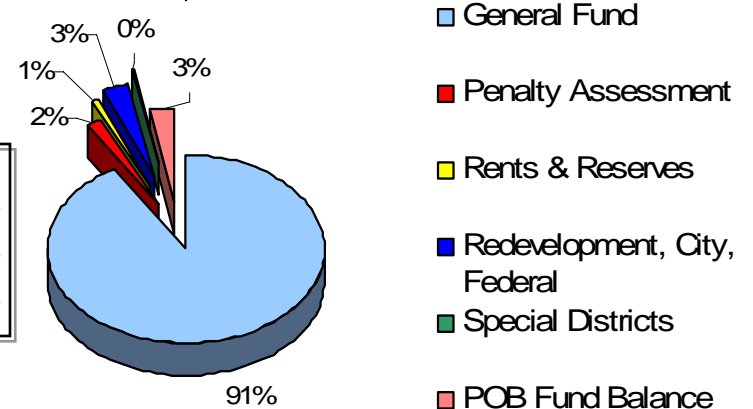
	Total	General Fund	Penalty Assessment	Rents & Reserves	Redevel, City, Federal	Special Districts	POB Fund Balance
SANCAL	42,414,406	31,637,638	3,151,346	945,355	6,000,000	680,067	
SDRBA	3,052,774	2,444,880		607,894			
Private Parties	235,797	235,797					
POBs*	67,914,021	38,808,239			29,105,782		
PINES	100,000,000	95,000,000					5,000,000
	\$ 213,616,998	\$ 168,126,554	\$ 3,151,346	\$ 1,553,249	\$ 35,105,782	\$ 680,067	\$ 5,000,000

\* Excludes economically defeased 1994 Taxable Pension Obligation Bonds

County Debt Service Burden <sup>(1)(2)</sup>	=	3.41%
Debt Service Burden with Offsets <sup>(2)</sup>	=	3.07%
Debt Service Burden with POB Offset <sup>(2)</sup>	=	2.19%

(1) Total 07-08 Debt Service Payments / (General Fund Revenues – Fund Balance)

(2) Ratio calculations above do not include the \$100mm prepayment of the PINES







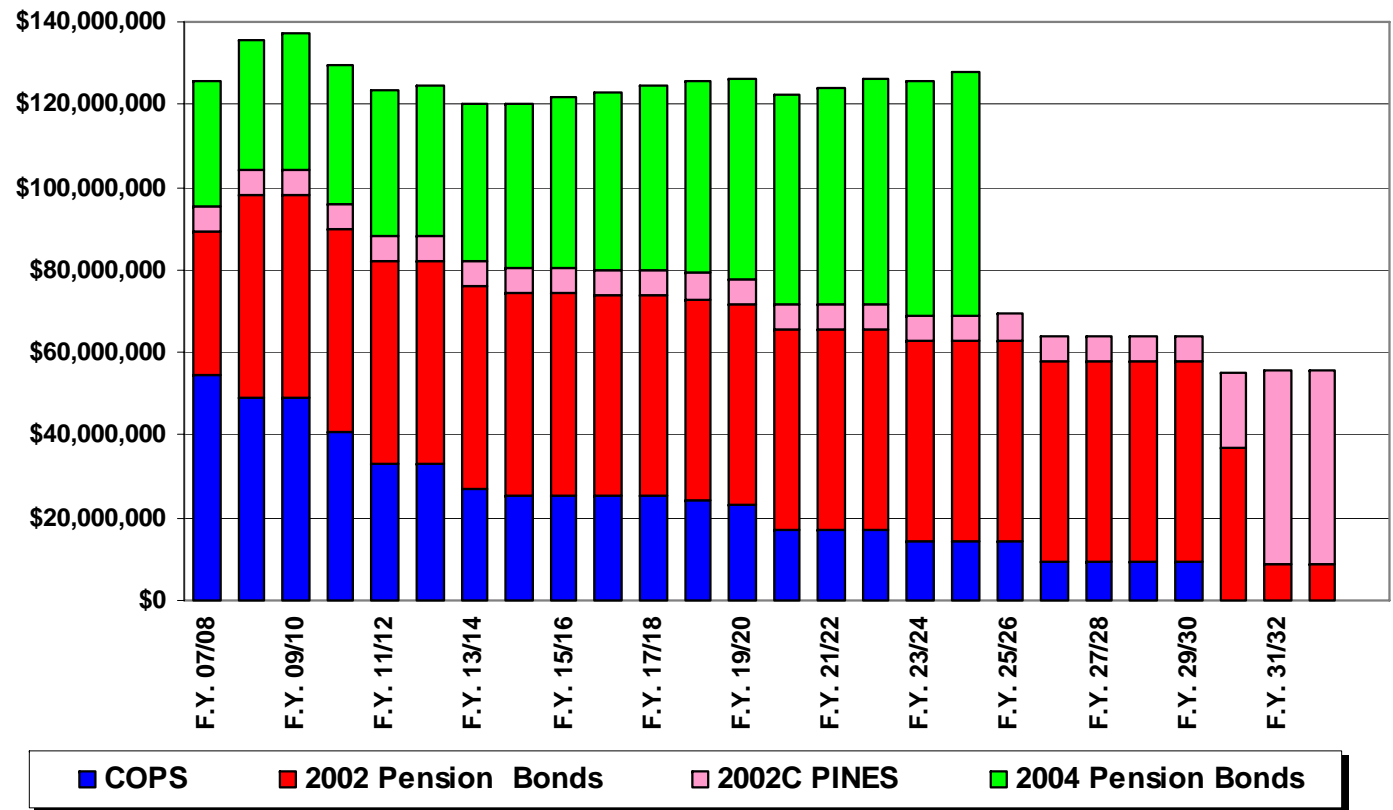
County of  
San Diego



# General Fund Debt Profile – Debt Service

Principal and Interest payments all years remaining

County of San Diego Principal and Interest Lease Payments due on COPs and Pension Obligation Bonds for All Remaining Years



*\*Excludes economically defeased 1994 Taxable Pension Obligation Bonds. Graph includes the debt service for all of the \$100 mm Series 2002C PINES. The County expects to prepay these bonds with available cash in 2007-08 resulting in \$6.1mm of annual interest savings to the County.*





County of  
San Diego



## Capital Improvement Needs Assessment

- Board of Supervisors Policy G-16: *Capital Facilities and Space Planning*
  - August Annual Call for Projects
  - Facilities Planning Board Review
    - Recommendations for inclusion in CINA
  - CAO Review and Approval
  - BOS Review and Approval
  - Inclusion in Operational Plan

Capital Improvements Needs Assessment Program 2007-2012  
Partially Funded/Unfunded Major Projects

Project	Project Estimate (in millions)	Amount Funded	Estimated Remaining Need	Potential Funding Source(s)
Las Colinas Women's Detention Facility	\$211.70	\$1.60	\$210.10	25% County, 75% State
Kearny Mesa Annex Redevelopment & Related Projects	\$549.95	\$0.23	\$549.72	County, Land Sale Proceeds
Sheriff Station - Rancho San Diego	\$12.00	\$8.00	\$4.00	County
Multiple Species Conservation Program Land Acquisition	\$40.70	\$27.24	\$13.46	County, State, Federal, Private Donations
Cedar/Kettner Parking Structure	TBD	\$2.00	TBD	Private Development
CAC Waterfront Park	\$62.90	\$8.90	\$54.00	County
Sheriff Detention Beds - Contract Buyout	\$24.20	\$0.00	\$24.20	County
Ramona Library	\$10.72	\$3.20	\$7.52	County, Private Donations
Fallbrook Library	\$9.54	\$0.20	\$9.34	County, Private Donations
Lakeside Sports Park	\$14.50	\$10.50	\$4.00	County, Grants
San Luis Rey River Park	\$11.00	\$8.18	\$2.82	Grants
<b>Total</b>	<b>\$947.21</b>	<b>\$70.05</b>	<b>\$879.16</b>	



County of  
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## 11. FY07-08 Tax and Revenue Anticipation Notes

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County of  
San Diego

## FY07-08 Tax and Revenue Anticipation Notes

- Preliminary Size Not-to-Exceed = \$120mm
  - County is only funding maximum cash deficit
  - In lieu of commercial paper, TRANs will fund Teeter Plan
- Final Maturity
  - 12 or 13-month maturity - *to be determined*
- Investment of Note Proceeds and Set-asides
  - Investment Agreement vs. County Pool - *to be determined*



**COUNTY OF SAN DIEGO**  
**GENERAL FUND MONTHLY CASH FLOW SUMMARY**  
**FISCAL YEAR 2007/2008 ESTIMATED (Per TRANS Presentation)**  
(in thousands)

Updated 5/17/07	Jul Estimate	Aug Estimate	Sep Estimate	Oct Estimate	Nov Estimate	Dec Estimate	Jan Estimate	Feb Estimate	Mar Estimate	Apr Estimate	May Estimate	Jun Estimate	Total	Variance	
1 Beginning Cash Balance	556,624												556,624	181,075	48.22%
Revenue Categories:															
2 Taxes Current Property	5,179	8,531	1,606	6,679	8,762	184,259	53,770	7,957	22,550	148,053	48,677	15,371	511,393	18,483	3.75%
3 Taxes Other Than Current Secured Licenses, Permits & Franchises	12,395	6,818	4,573	14,112	5,940	7,995	168,213	6,043	4,687	5,358	149,553	5,089	390,776	26,502	7.28%
Fines, Forfeitures & Penalties	2,021	2,385	2,225	2,355	2,397	3,919	3,661	5,447	2,544	3,471	2,863	2,705	35,993	(7,020)	(16.32%)
Revenue Use - Money & Property	5,720	2,975	1,999	2,321	2,703	1,758	6,722	4,580	7,287	3,408	4,194	6,563	50,230	3,634	7.80%
Intergovernmental Revenue	1,150	5,932	4,035	831	4,121	1,597	1,323	5,270	1,390	1,275	3,010	3,133	33,065	(3,939)	(10.64%)
Charges for Current Services	78,950	120,802	118,375	171,918	144,418	154,925	145,700	112,541	158,509	153,818	155,840	214,509	1,730,306	315,591	22.31%
Miscellaneous Revenue	25,399	26,509	14,940	27,487	21,716	21,664	27,352	18,746	18,787	23,049	22,505	29,174	277,328	20,318	7.91%
Other Financing Sources	1,047	1,829	1,236	2,932	785	2,479	8,421	2,844	317	682	739	1,809	25,122	(1,489)	(5.59%)
	6,437	53,180	784	23,197	22,502	5,943	54,756	20,170	4,282	6,781	43,327	39,799	281,159	29,167	11.57%
Total Revenues	138,298	228,960	149,772	251,831	213,343	384,540	469,918	183,599	220,354	345,898	430,706	318,153	3,335,372	401,247	13.68%
4 Teeter Receipts	26,942	8,690	12,343	8,196	4,343	5,487	5,397	3,400	4,702	3,131	2,085	1,132	85,850		
Short Term Borrowing (Trans)	96,000	-	-	-	-	-	-	-	-	-	-	-	96,000		
Total Receipts	261,240	237,651	162,115	260,027	217,687	390,027	475,316	187,000	225,056	349,028	432,791	319,284	3,517,222		
Expenditure Categories:															
5 Salaries & Employee Benefits	433,157	89,567	93,545	93,545	127,827	85,589	85,589	85,589	85,589	85,589	123,974	85,464	1,475,024	107,898	7.89%
Services and Supplies	74,582	109,604	80,511	96,824	90,363	95,585	82,737	82,260	97,592	113,948	127,610	136,585	1,188,201	350,083	41.77%
6 Other Charges	78,824	45,831	83,445	39,708	39,635	50,597	40,371	34,967	40,076	38,319	37,895	37,219	566,888	38,673	7.32%
Fixed Assets - Equipment	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	15,586	(28,408)	(64.57%)
Operating Transfers	2,290	2,290	7,367	2,290	2,290	7,367	2,290	7,939	13,016	8,872	8,872	13,750	78,635	49,034	165.65%
7 PINES	-	95,000	-	-	-	-	-	-	-	-	-	-	95,000	95,000	
Total Expenditures	590,152	343,591	266,167	233,666	261,414	240,437	212,287	212,054	237,572	248,027	299,650	274,316	3,419,334	612,281	21.81%
Short-Term Borrowing (Trans)	-	-	-	-	-	-	28,800	-	-	28,800	14,400	24,000	96,000		
8 Teeter Disbursements	-	-	-	-	-	-	-	-	-	-	-	121,500	121,500		
Total Disbursements	590,152	343,591	266,167	233,666	261,414	240,437	241,087	212,054	237,572	276,827	314,050	419,816	3,636,834		
Month End Cash Balance	227,712	121,772	17,720	44,081	353	149,944	384,173	359,118	346,602	418,803	537,544	437,012	437,012		

Footnotes:

- Estimated Beginning Cash Balance includes Tobacco Settlement Trust of \$10M.
- Property tax payments are received in Dec and April. The County participates in the alternative method of secured property tax apportionment (th TEETER Plan) available under the Revenue and Taxation Code of the State of California.
- VLF- in- lieu payments are apportioned each Jan and May.
- Teeter cash receipts of \$85.8M are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.
- July includes \$279.5M Retirement Advance, \$69.1 M Pension Obligation Bond payments, and \$85 M in S&B. November and May have 3 pay periods. The third pay period does not include health benefits. September and October include two Quality First payments and Aug and Nov include one.
- Other Charges include \$37M for COPs (Certificates of Participation).
- The County will pay off \$100M of Pension Obligation Bonds in August 2007, of which \$95M is the General Fund share.
- Teeter buy-out in June is based on an expected increase in AV growth and a conservative increase in delinquencies.



County of  
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## TRANS Financing Schedule

Date	Activity
May 22	County Board Approved Financing
May 31	Receive Ratings Post / Mail Preliminary Official Statement
June 5	Price Transaction (Tentative)
July 3	Closing

Preliminary, subject to change.





County of  
San Diego



## 12. Closing Remarks

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## County of San Diego



### ***Focus, Discipline, Fiscal Solvency***

- Consistent with our strategic plan and financial objectives, we have maintained a structurally balanced budget through good and bad times.
  - We are able to retire debt early.
  - We are able to cash finance large projects.
- We are well-positioned to manage future challenges, including economic slowdown, potential impact of State budgetary actions, and changing demands of our citizens.
  - We maintain a Fund Balance cushion.
  - We are allocating a portion of ongoing GPR to one-time projects and thus could sustain a loss in those revenues without impacting ongoing services.
  - Continued growth in assessed value and strong commercial market.
  - Emergency preparedness activities.
- We maintain prudent reserves for unanticipated events and have other set-asides for known risks and commitments.
- We operate within a strong, diversified economy.
- We have an aggressive OPEB management strategy.
- We exhibit strong financial management practices including implementation of a new fund balance and reserves policy (17% of General Purpose Revenues).